

Retirement Report

Bi-Annual Update for Nebraska School Employer Contacts

Fall 2009

New Rate as of September 1, 2009!

LB 187 – A new School retirement contribution rate will go into effect beginning September 1, 2009. The new employee contribution rate is **8.28%**. The employer rate will continue to be 101% of the employee's contribution. If you report using the decimal rate, please use 8.3628.

Please be sure to make the needed system changes by September 1, 2009. The September 2009 report, due by October 10, 2009, will be "suspended" if the "contributions" withheld do not equal 8.28% of wages.

APPLYING FOR RETIREMENT BENEFITS

Please remind your employees to contact NPERS in writing, by telephone, or in person at least three months before their anticipated retirement date. Retirement benefits will not start automatically.

NOTE: Enclosed are the GASB 27 cover letter and sample disclosure. These are for your use and do not need to be returned to NPERS.

LATE INTEREST

Please be aware when reporting adjustments for prior months/years, late interest will be figured in to make the members account "whole." The late interest is the responsibility of the employer.

Thank you all for attending the 2009 School Employer Workshops. It was nice to see and talk to everyone! Your questions and comments are very important in our efforts to make the reporting process as smooth as possible.

Enclosed are Recap Reports and Wage & Contribution Reports for disk and paper reporters. Also enclosed are employee addresses, as of July 2009, on NPRIS. Please verify the addresses and make any changes or contact our office for assistance.

NPRIS Features



Most of you have had a chance to use our new reporting system by now. It was nice to hear that you enjoy the new features. We are still working every day to make the reporting process run smoothly. If you have not had a chance to use the system, some of the new features are:

- You are now able to complete the monthly report in the same business day. After you create your report and upload your file, you have the option of "validating" (a preliminary check of your records for errors) the report, which will allow you to edit and confirm in the same day.
- Another feature is the "Notes" section. You can add a note to each individual record on your monthly report. This will help eliminate some of the phone calls to you if questions arise in the future.

Since we have updated our software, and with the recent legislative session complete, it is a good time to create new employer manuals, and school booklets. We will be mailing these out later this fall. In the meantime, if you need a copy of a school booklet to hand out to your new employees, or would like a copy of our employer manual, please give us a call or visit our website and download a copy.

Demographics

When reporting a new employee's address, or if an employee change's their address, the process is as follows:

ONLINE REPORTERS – When submitting a new address your report must contain a **“date of address change.”** There has been some confusion on the “date of address change.” This is done by entering a date of address change in your payroll software program before uploading the monthly report. Please keep in mind this date of address change has to be a date within the month of report you are submitting. Your software providers have set this up in your software in order for our system to pick up a new address whether it is a new employee or an existing employee who has moved. **EXAMPLE:** for an address reported on a September 2009 Nebraska Retirement report, use a specific date between September 1 and September 30.

Diagram A

Software Unlimited and has provided a screenshot of the “date of address change.” This feature was set up along with all of our file requirements for your monthly reporting; for example, hire date, term date, salary, hours, and employee contributions. All of the information is set up to extract from your payroll records.

COPY FORWARD REPORTERS – After your file is uploaded into our system, you can “Edit” an employee's record. Once you have the employees new address entered, click “Save” at the bottom of the screen.

PAPER REPORTERS – When reporting by a paper report, enter the new address in the “Changes/Corrections to Demographic Information” column on the right side of the Wage and Contribution form.

This is an important procedure and will help NPERS reduce unnecessary costs for returned mail.

LONG TERM DISABILITY (LTD)

INSURANCE – If a School district pays for or specifically increases an employee's salary to compensate for the Long Term Disability premium, it is considered a “fringe benefit” and the amount cannot be included in the employee's amount of total gross wages when calculating retirement contributions.

When a deduction for LTD comes directly from the employee's compensation without a reimbursement from the district, you should calculate retirement contributions before deducting the LTD amount.

Diagram B

RECORDKEEPING FOR CLOSED OR MERGED SCHOOLS

Maintaining records for closed or merged schools is a very important issue. When a school closes, or is merged with another school, it is the responsibility of the receiving school to maintain the employees records. This information is vital when determining years of service and when calculating future retirement benefits. Please keep these records available.

Eligibility and Hours

Regular or part-time employees who work 15 or more hours a week on an ongoing, regular basis are eligible and must contribute to the retirement plan. Employers are responsible for determining retirement eligibility for employees. If an employee's hours increase during the year to meet eligibility requirements, you should put them in the plan at that time. Not doing so will result in make-up contributions in which the employee and employer must make up the missed contributions along with late interest. Each employer may be asked to provide supporting documentation of why an employee is or is not eligible to contribute.

When an employee is providing service to more than one school district, all combined employment must be taken into consideration when determining eligibility. Be sure to ask an employee if he/she is employed in any other school district.

Hiring Retirees

A retiree must wait 180 days from the date of termination to begin providing service on a regular basis ***in any capacity*** to any NPERS participating Nebraska Public School. Within the 180 days following retirement, the amount of hours a retiree is allowed to substitute is not defined; however, when a retiree is performing substitute duties during the absence of a permanent employee, it should be intermittent only. In special circumstances, please write to NPERS for a determination ***prior*** to employment. **Once the 180 day separation is satisfied and a retiree is rehired, they are considered a new employee, and if eligible, retirement participation is mandatory.**

COMPENSATION—Compensation reported to NPERS must include gross wages or salaries payable to your employee for services performed during the plan year. This includes overtime/holiday pay, vacation/sick time that is used (unused time for which an employee is paid is not included), retroactive salary payments, amounts contributed under §§125, 403(b), 457 of the Internal Revenue Code, and extra duty pay.

(35)(a) Compensation means gross wages or salaries payable to the member for personal services performed during the plan year and includes (i) overtime pay, (ii) member retirement contributions, (iii) retroactive salary payments pursuant to court order, arbitration, or litigation and grievance settlements, and (iv) amounts contributed by the member to plans under sections 125, 403(b), and 457 of the Internal Revenue Code as defined in section 49-801.01 or any other section of the code which defers or excludes such amounts from income.

COMPENSATION NOT REPORTABLE—Compensation not reportable to NPERS includes, unused sick or vacation leave converted to cash, insurance premiums converted to cash, fringe benefits, bonuses for services not actually rendered including early retirement inducements/cash awards/severance pay, and reimbursements for expenses incurred.

(b) Compensation does not include (i) fraudulently obtained amounts as determined by the retirement board, (ii) amounts for unused sick or unused vacation leave converted to cash payments, (iii) insurance premiums converted into cash payments, (iv) reimbursement for expenses incurred, (v) fringe benefits, (vi) bonuses for services not actually rendered, including, but not limited to, early retirement inducements, cash awards, and severance pay, or (vii) beginning on September 4, 2005, employer contributions made for the purposes of separation payments made at retirement and early retirement inducements as provided for in section 79-514.

If you have any questions on reportable and non-reportable compensation, please contact NPERS for a determination.



Coaching and Extra Duty

If it is not possible to track exact hours worked, the school and the employee need to agree on a “fair” number of hours to report. The key point to remember is to be consistent in reporting extra hours with extra wages.

Enclosed are logging sheets for your use in tracking extra duty hours, and documenting substitute employees. The logging sheets are for your use and are not required to be sent in to NPERS.

7% Exemption Reporting

It is time again for 7% exemption reporting! Please remember the 7% exemption report is due by September 28, 2009. It is important to report a valid exemption code for employees, if applicable. Contact our office for coding explanations, if needed. Not doing so could result in salaries being capped when calculating retirement benefits.

If you would like a salary breakdown for your employees, please send a request via email. **Keep in mind that our fiscal year is July 1 through June 30.**

IMPORTANT: In order to report exemptions by uploading the attached file, **it must be opened in Notepad and the file name cannot be changed.**

The 7% exemption file is a listing of your employees whose reported compensation for the plan year July 1, 2008, through June 30, 2009, exceeded by more than 7%, the reported compensation for the preceding plan year, July 1, 2007, through June 30, 2008.

As you should be aware, NEB. REV. STAT. §79-906(2) (Supp. 2005) requires all schools to report to NPERS the employees whose compensation has exceeded the previous year compensation by more than 7%, and whether one of the following statutory exemptions found at §79-902(35) (e) applies:

- A. The member experienced a substantial change in employment position;
- B. The excess compensation above 7% occurred as a result of a collective-bargaining agreement between the employer and a recognized collective-bargaining unit or category of school employee; or
- C. The excess compensation occurred as a result of a district-wide permanent benefit change.

Please verify that the listed employees experienced a compensation increase of more than 7% in the time period listed above, and insert an exemption code if an exemption applies to that employee. The exemption code must be entered between the tildes and no extra characters can be added to the file. For example, when you open the file in Notepad you will see a list of your employees in this format:

012345~ ~Smith John. The tildes are the two wavy lines between the retirement number and name. The space between the tildes is where the exemption code must be entered, please remove any extra spaces. A correct entry with an exemption code of "B" would look like this: 012345~B~Smith John.

Please note that the attached list may not include all of your employees whose compensation exceeded the prior year compensation by more than 7%. For all such employees, you can add their retirement number, exemption code, and name to the list or use the "Add" option to include them in the report after uploading the file.

If an employee experienced a compensation increase of more than 7%, and no exemption applies, please insert the code "Z" which indicates "no exemption to report." The system will not process an uploaded list if the exemption space is blank or does not contain an exemption code of either A, B, C, or Z.

Adjustments

NPERS' rules and regulations limit the length of time for which corrections can be made.

The member's portion of contributions can be refunded going back two years prior to the reporting period the adjustments are completed. The employer's portion can be refunded for one year prior to the reporting period the adjustments are completed. Contributions reported in error prior to the allowed time limit (2 years-employee; 1 year-employer) will not be refunded. The relevant Rule and Regulation (303 NAC Chapter 18) is as follows;

003 Excess Contributions – 003.01 If NPERS determines that the retirement system has received excess employee contributions, NPERS shall return the excess employee contribution to the employer, and the employer shall return the excess employee contribution to the employee. 003.02 If NPERS determines that the retirement system has received excess employer contributions, NPERS shall credit the excess employer contribution against further employer contributions. Adjustments due to excess employer contributions shall be made within one year of the date the excess contribution was received by NPERS. If more than one year has passed since the date the contribution was received, the excess contribution shall not be adjusted.

010 Statute of Limitations – 010.01 Every claim demanded under these regulations and against NPERS or the Board shall be forever barred unless the action is brought within two years of the time at which the claim accrued.

Once an employer is notified that contributions have been reported on improper compensation, it is the responsibility of the employer to discontinue the improper contributions and correct the previous errors. Please contact NPERS for instructional assistance when reporting adjustments. (Compensation determined improper, even if not refunded, will not be considered when calculating a retirement benefit.)



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